

**To:** Smith, DavidW[Smith.DavidW@epa.gov]; Bromley, Eugene[Bromley.Eugene@epa.gov]  
**From:** Kemmerer, John  
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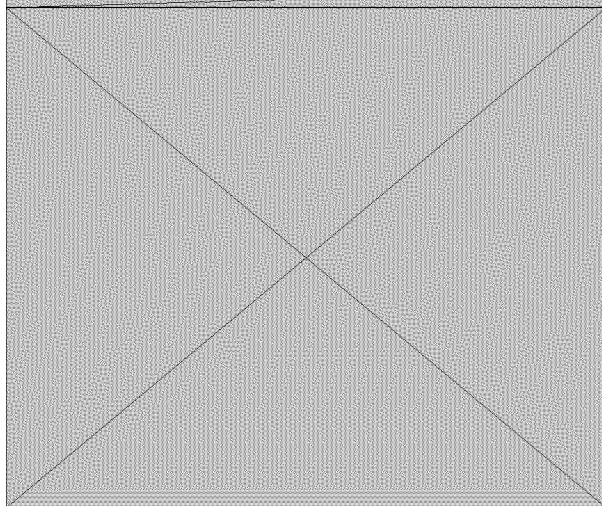
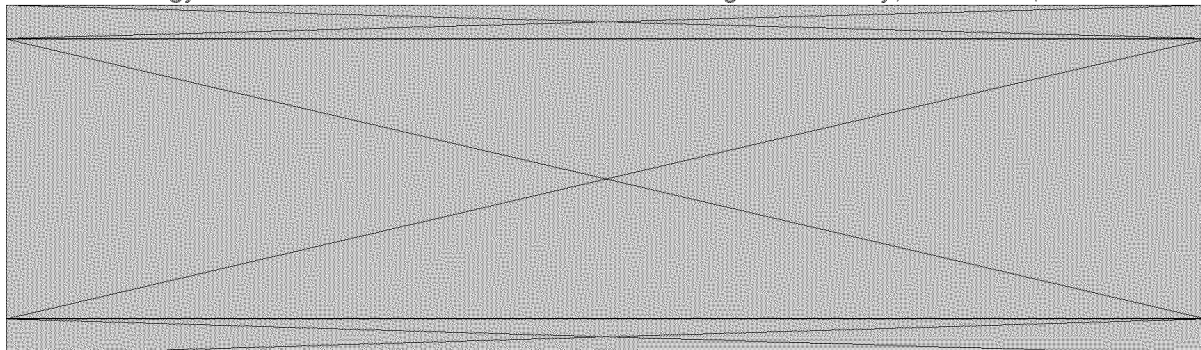
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Energy and environment headlines for the morning of Thursday, October 2, 2014



# Interior IG finds offshore permitting weaknesses remain

**By Edward Felker**

The Interior Department has yet to act on recommendations by its internal watchdog to strengthen offshore oil and gas permitting processes following the Deepwater Horizon blowout in 2010, according to a report issued Wednesday.

Acting Inspector General Mary Kendall said in the report that the Bureau of Safety and Environmental Enforcement has twice formed teams to implement recommendations made by her office that year but has not been successful.

The unresolved recommendations mean the bureau, formed in a reorganization of the department's offshore programs, has left it to region and district offices to approve drilling permits "without necessary oversight and clear direction" from headquarters, she said.

The lack of guidance has also led to permits being approved without proper delegation of authority, she said.

BSEE has failed to write policies and procedures to guide permit decision-making and to document those decisions, she said, even though BSEE permitting employees said they were needed.

"We found that BSEE conducts drilling permit activities with limited oversight from its headquarters office in Washington, D.C.," the report said. "This creates policy differences and inconsistencies among regions, as each region develops its own policies without headquarters review or, conversely, develops its own procedures in the absence of preexisting headquarters policies."

Kendall also criticized its engineer training program, which she said is not being implemented effectively, and BSEE's failure to expand its online permit application program beyond the Gulf of Mexico region to its other two offshore regions.

In a response letter to Kendall, BSEE Director Brian Salerno said the report does not reflect a number of actions the bureau has taken or are underway to address the three recommendations.

He added that moves to resolve the 86 recommendations made by Kendall's office and the Government Accountability Office following the Deepwater Horizon blowout, as well as 233 by outside review panels including the National Oil Spill Commission, have been hampered by limited staffing and turnover as workers leave for higher-paying private sector jobs.

Salerno said 68 of the 86 recommendations have been addressed.

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## [Baker Hughes to disclose fracking chemicals](#)

**By Jonathan Fahey**

NEW YORK (AP) — The drilling services company Baker Hughes on Wednesday implemented a policy of disclosing all of the chemicals used in its fracking operations.

[Environmental groups and local communities have for years been pushing for full disclosure](#)

of the chemicals used in hydraulic fracturing, a drilling technique also known as fracking.

In response, the oil and gas industry set up an online database -- at [FracFocus.org](http://FracFocus.org) -- that lists many of the chemicals, but held back crucial information on certain chemicals and the amounts used on the grounds that it would provide competitors with trade secrets.

Baker Hughes said that starting Wednesday it will not withhold any information on those grounds. It first announced the policy earlier this year.

"Introducing greater transparency about the chemicals used in the hydraulic fracturing process and protecting the ability to innovate are not conflicting goals," said Derek Mathieson, Baker Hughes chief strategy officer, in a statement.

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## **Pebble Mine, King Cove topics in Alaska Senatorial debate**

**By Nicholas Riccardi and Becky Bohrer**

KODIAK, Alaska (AP) — Republican U.S. Senate candidate Dan Sullivan was grilled on his positions on fishing issues during a debate Wednesday night with Democratic Sen. Mark Begich in one of the largest fishing ports in the U.S.

Sullivan, who took flack for initially planning to skip the debate to campaign in rural Alaska, sought to show his command of fisheries issues, the focus of the only-in-Alaska debate that is a tradition among politicians in the Last Frontier. Sullivan mentioned his family's fish camp and the need to cut burdensome regulations. He also mentioned Republican Sen. Lisa Murkowski, who recently endorsed him and campaigned with him in Kodiak.

Sullivan said he has never supported the Pebble Mine, a massive gold-and-copper prospect near the headwaters of a world-premier salmon fishery in southwest Alaska. But he said he supports having a process in place for projects like that to be vetted.

Sullivan has said the controversial project should be allowed to go through the permitting process. He and others, including Murkowski and state officials, worry the U.S. Environmental Protection Agency will veto the project before it has gone to permitting.

Begich — to applause — called the project the wrong mine in the wrong place.

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## **Alaska refuge proposes killing invasive caribou**

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## By Dan Joling

ANCHORAGE, Alaska (AP) — A federal agency is considering lethal measures to protect an Alaska island refuge from an invasive species — caribou.

The big game animals are a popular target for Alaska hunters. The state annually pays to kill hundreds of wolves and bears to enhance moose and caribou populations. But caribou are an unwelcome, unnatural presence in a wilderness refuge in the central Aleutian Islands.

U.S. Fish and Wildlife Service officials say caribou swim from Adak Island, where they were introduced to provide sport hunting for military personnel, to uninhabited Kagalaska Island, part of the Alaska Maritime National Wildlife Refuge. The agency proposes to keep a new herd from forming by killing caribou on Kagalaska with refuge staff, volunteers or contractors, starting next year.

Five caribou were shot in 2012 and up to 15 more may be on the island. Kagalaska is a wilderness area and caribou would alter it, said refuge manager Steve Delehanty.

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## **EPA water rule concerns SBA**

Another federal agency has spoken out against the Environmental Protection Agency's proposed Waters of the U.S. rule, or WOTUS — the Small Business Administration wrote a [letter](#) to EPA Administrator Gina McCarthy and a top official with the U.S. Army Corps of Engineers saying it's worried about the economic impact of the regulation, The Hill reports.

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## **Oil sliding on Saudi price cut**

Saudi Arabia's move to cut its official crude price has sent oil prices tumbling early Thursday. U.S. benchmark crude sank \$2.00 to \$88.73 a barrel in electronic trading on the Nymex, while in London Brent crude plunged \$2.15 to \$92.01, Reuters reports.

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## **A message from the American Petroleum Institute**

**America is now the world's #1 natural gas producer and is expected to become #1 in oil by 2015. Smart energy policies can create jobs, grow our economy and establish America as a global energy leader.**

[Learn more at ChooseEnergy.org](http://ChooseEnergy.org)

## **November gas drops on Nymex in expectation of storage build**

A bearish outlook is taking hold of natural gas prices ahead of an expected announcement of a storage build from the Energy Information Administration combined with a mild October weather forecast, as Wednesday's settlement for November delivery declined 9.8 cents to \$4.023 per million British thermal units on the Nymex, Platts reports.

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### **Investors should be 'realistic' about LNG prospects, Goldman warns**

Goldman Sachs has cut its growth projections for future LNG demand and warns that investors should be wary about the costs of major projects and "realistic about expectations for further contracts," Bloomberg reports.

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### **Uncertainty after Brown veto of reform for toxic regulator**

State Sen. Kevin de Leon said he wasn't sure whether to reintroduce legislation to reform the California Department of Toxic Substances Control in the wake of Gov. Jerry Brown's veto of his bill, the Los Angeles Times reports.

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### **Varying views on energy security, independence in panel talk**

The U.S. hasn't achieved complete energy independence despite the impact of the shale boom, according to speakers at a panel discussion in Houston Tuesday evening, who disagreed on how that might be accomplished or if it's even desirable, The Houston Chronicle reports.

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### **Maine to extend reach of efficiency programs**

Moves by the Maine Public Utilities Commission to boost the energy efficiency programs aimed at large customers are aimed at saving more than 44,000 megawatt-hours of electricity annually, Platts reports.

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### **ALEC surprised, not damaged, by Google departure: CEO**

The American Legislative Exchange Council was caught by surprise when Google chief Eric Schmidt said in a radio show that the company was pulling out of ALEC because the organization was "lying" about climate change, new CEO Lisa Nelson told National Journal in an interview, adding that she's had calls from companies seeking to join despite a recent wave of departure announcements.

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## **US has trouble trying to use homegrown guar for fracking**

Problems encountered by West Texas Guar Inc., which operated a processing facility to extract a thickening agent from the legume guar, has cost investors and farmers millions of dollars, The Wall Street Journal reports.

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## **Mexico's new private company Sierra Oil & Gas has experienced team: CEO**

Sierra Oil & Gas, a private company created in the wake of Mexico's energy reform, has a team with a combined 350 years' experience and \$525 million in financial backing from private equity investors, chief executive Ivan Sandra told The Wall Street Journal.

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## **Upcoming Events**

- Oct. 2, Washington: JHU SAIS forum, "Fracking: Technology, Impacts and Regulation." Breitling Energy CEO Chris Faulkner, NRDC analyst Amy Mall, Resources for the Future adviser Jan Mares to speak. 5:00 pm , 1740 Massachusetts Ave., N.W.
- Oct. 2, Washington: US Energy Association holds annual Energy Supply Forum. Representatives from Tesoro Corp., National Ocean Industries Association, BP America, GDF Suez Gas LLC among speakers. 9:30 am , National Press Club.

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